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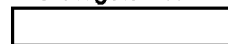
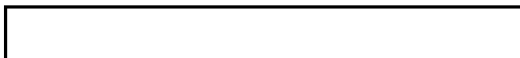


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DIA review(s) completed.

Top Secret

10 August 1974



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No 631

State Dept. review completed

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Approved For Release 2007/03/28 : CIA-RDP79T00975A026800010042-8

Approved For Release 2007/03/28 : CIA-RDP79T00975A026800010042-8

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WORLD

The world in the past 24 hours has seemed to mark time as the US succession process worked itself out. None of the potential troublemakers--Vietnam, Korea, Cyprus, the fedayeen--has produced even a rumble.

It may be that many have not had time to consider how the situation might be turned to advantage. Many, the Soviets for example, had probably not anticipated the situation to come to a climax so rapidly and, still in something of a state of shock, are without fixed course. These conditions will naturally dissipate quickly.

Some of those most concerned--the Soviets, the Chinese, the Egyptians, the West Europeans--will be looking for reassurance and will be buoyed by the vote of confidence that President Ford has given to Secretary Kissinger.

The initial Soviet response, as communicated to us, has been pretty much along the lines anticipated. The Soviet public reaction has been guarded. The stress is on the expectation that the new US President will follow the course of his predecessor. The support for detente in the US, they say, rests on durable forces, not on the fate of individual leaders. This is what the Soviet leaders would like to believe and have others believe.

Moscow may, in fact, be a bit more worried than these expressions of confidence show. The American desk officer at the Soviet Foreign Ministry remarked to Ambassador Stoessel yesterday that the main concern of the Soviet government is that the direction of US-Soviet relations, established in recent years, be continued.

Moscow's East European allies have all reported President Ford's succession. In most cases they have provided generally favorable biographies on the President, noting that he has supported "Cold War" positions in the past but now holds favorable views on US-Soviet relations.

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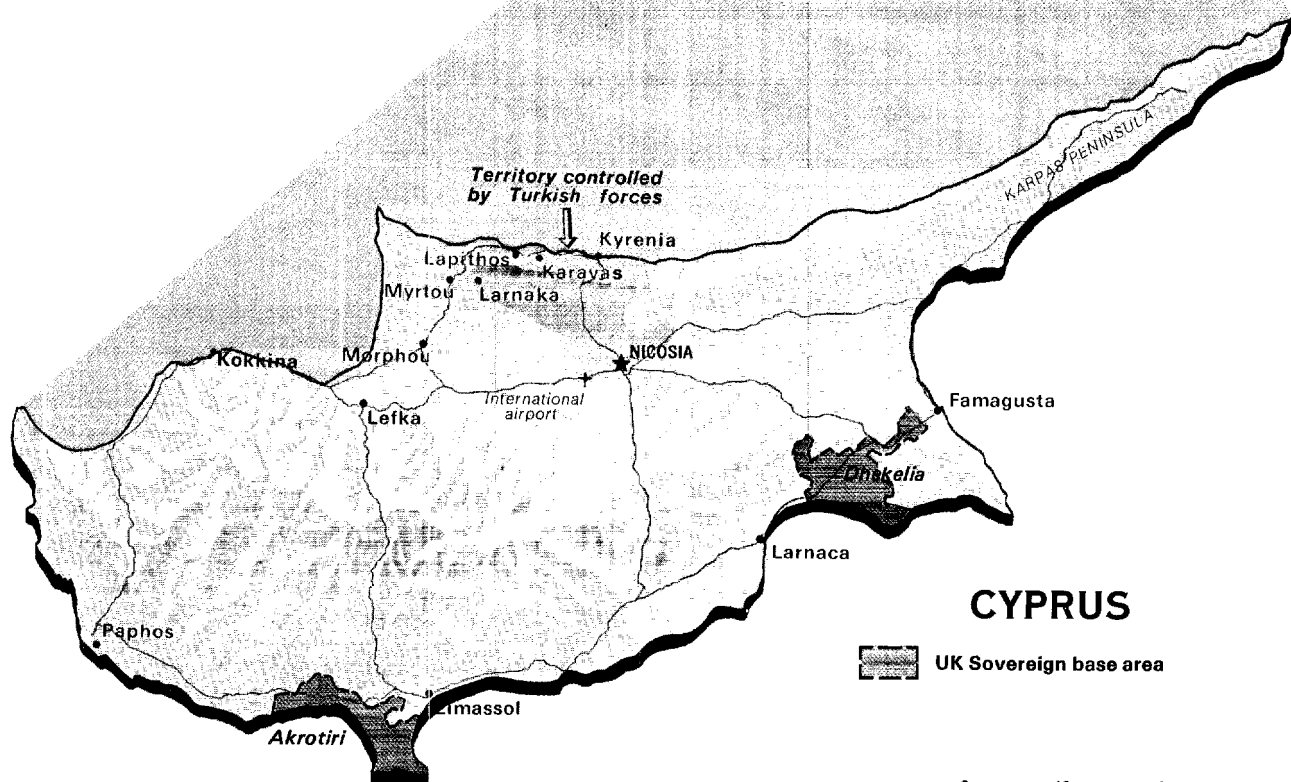
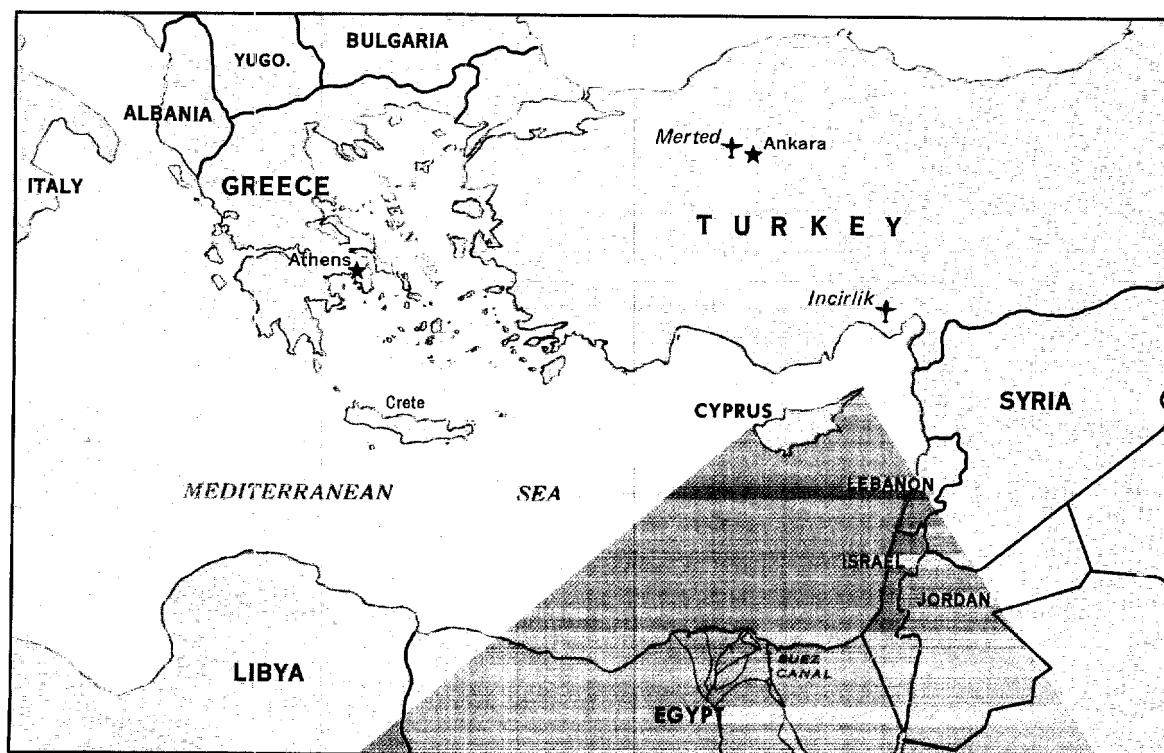
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ANGOLA

Continuing violence is undermining Lisbon's efforts to maintain order at a time when the military junta in Angola is trying to form a provisional coalition government.

During the past week, there have been sporadic demonstrations and random violence in Luanda, Angola's capital and most heavily urbanized area. Much of the violence has been caused by whites attacking blacks, but there have also been incidents of black Angolans fighting each other. Adding to the confusion, supporters of all three insurgent organizations have taken to the streets in support of their respective groups.

Security forces have been ineffective in keeping order; they seem reluctant to use a heavy hand against either black or white demonstrators. Protracted racial violence and possible antigovernment action by die-hard whites could result if the authorities fail to move decisively.



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GREECE-TURKEY-CYPRUS

The atmosphere at the Geneva peace talks was improved somewhat yesterday by the negotiation in Nicosia of a partial accord on truce lines.

The remaining truce lines were referred to Geneva for further negotiation. The [redacted] final agreement on the truce line will be reached, but it may take some hard bargaining. The partial accord reportedly was facilitated by the Greek representative's acceptance of the troop disposition of August 9 as the base point. The Greeks had been insisting on those of July 30, the date of the first Geneva declaration, or those of July 22, the date of the UN cease-fire resolution. The conference, which opened on Thursday night with a series of acrimonious exchanges, has now settled down to a "reasonably pragmatic performance," according to the British. The full delegations today plan to review the working level committee's work on unresolved matters from the first Geneva declaration and to discuss the question of opening Nicosia airport. They were also planning to begin discussion of constitutional issues.

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A pro-government newspaper in Ankara has published details of the proposal for a "United Republic of Cyprus" that is expected to be presented by the Turkish delegation at Geneva. Administratively, the proposal comes close to de facto partition. Autonomous Greek and Turkish Cypriot administrations would each have full responsibility for their own finance, commerce, education, domestic security, justice, and even military forces. The federal government and parliament, which would be split equally, would be left with little more to do than regulate relations between the two autonomous areas.

The newspaper account of the settlement proposal allots the Turkish Cypriots some 30 percent of the island--north of a line from Kokkina on the northwest coast, to Lefka, through Nicosia, and on to Famagusta on the east coast--considerably more territory than Turkish troops presently hold. This territorial bid is

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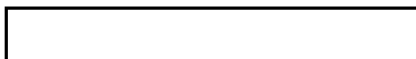
probably Turkey's most ambitious position and is negotiable. Foreign Minister Gunes, moreover, has hinted that Ankara is prepared to renew military action if its minimum objectives are not met in Geneva.



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US defense attachés in Ankara have detected no signs of preparations for combat operations other than the alert at the Merted and Incirlik air force bases that has been in effect since August 7. The alert may be related to concern over possible Greek efforts to send reinforcements to Cyprus, or intended as a show of force to aid Turkish diplomatic efforts in Geneva. The alert

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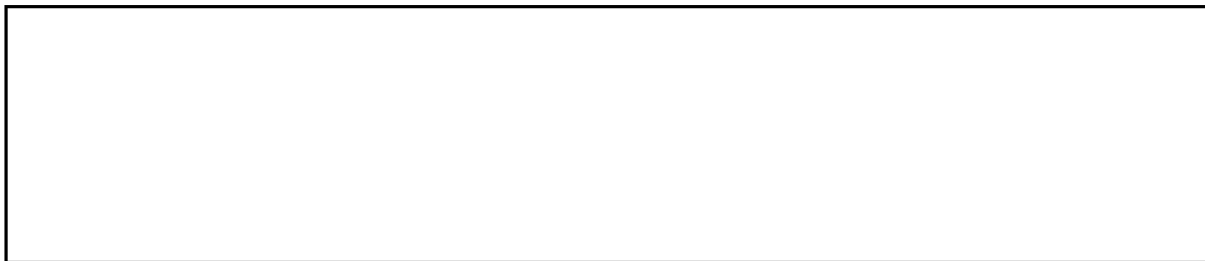
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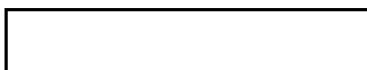
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could also be related to Turkey's unilateral attempts to impose new air traffic regulations in the Aegean, which have further strained Greek-Turkish relations. The US defense attaché in Ankara reports that the air-space restrictions are temporary, and actually represent a decrease in the area covered by the "danger zone" declared by the Turks on July 23. Nonetheless, the Athens press is playing the move as a provocation.

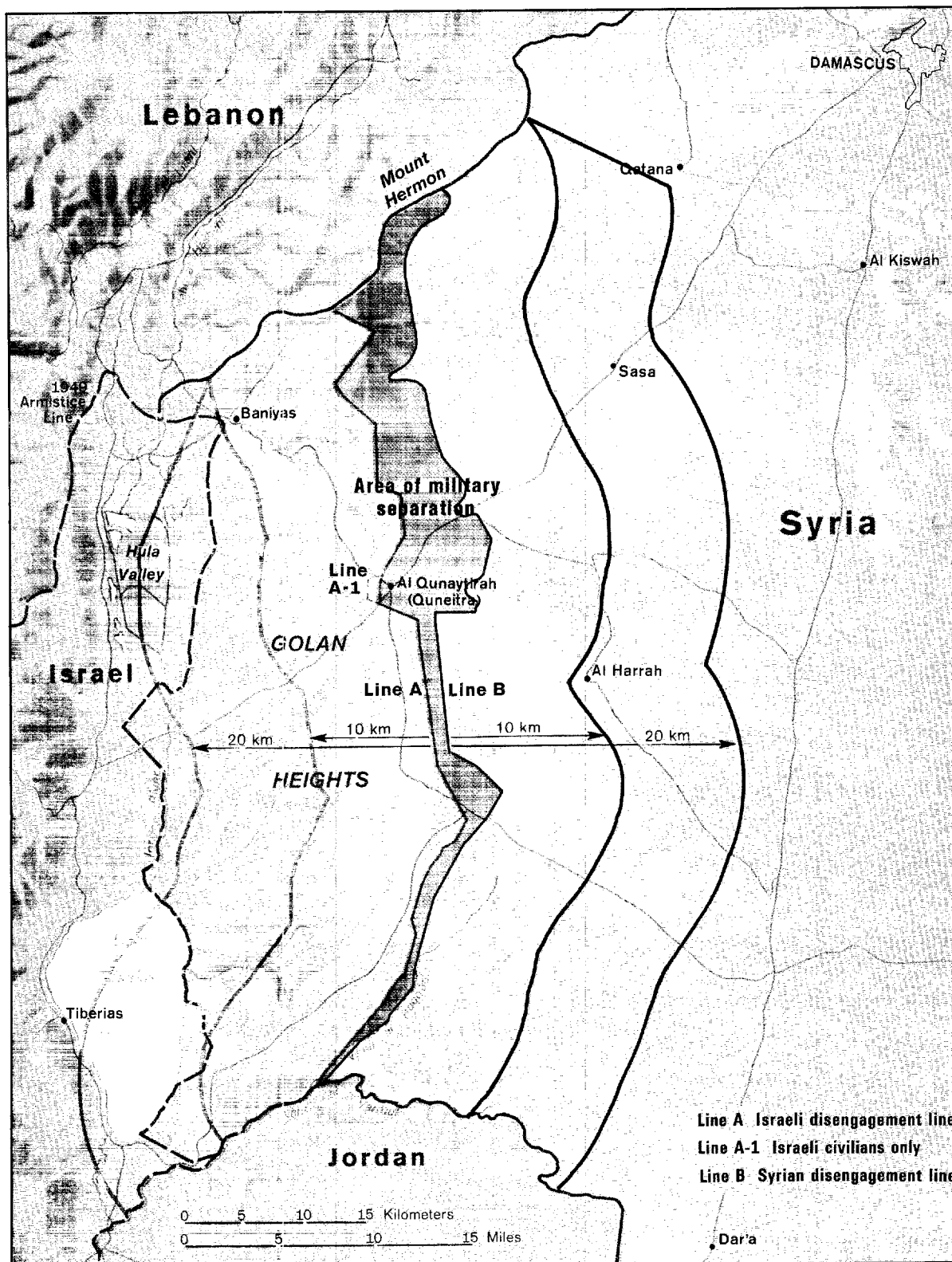
The US embassy in Athens estimates that the Greeks will strongly resist any Turkish moves that would suggest Turkish hegemony in the Aegean or infringements on Cypriot sovereignty. The embassy believes, however, that the Karamanlis government will be realistic in accepting modifications to the 1960 London-Zurich accords favorable to Turkish Cypriots and Ankara. The Greek government can live with relatively significant changes in inter-communal relations and will find it easier to explain away concessions now, while the memory of the ex-junta's folly is fresh, rather than later. The embassy concludes that the Turks are in a position to achieve their basic objectives, if they do not push the Greeks too hard, and it is relatively optimistic that a viable settlement can be worked out at Geneva.



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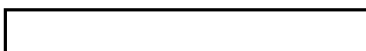
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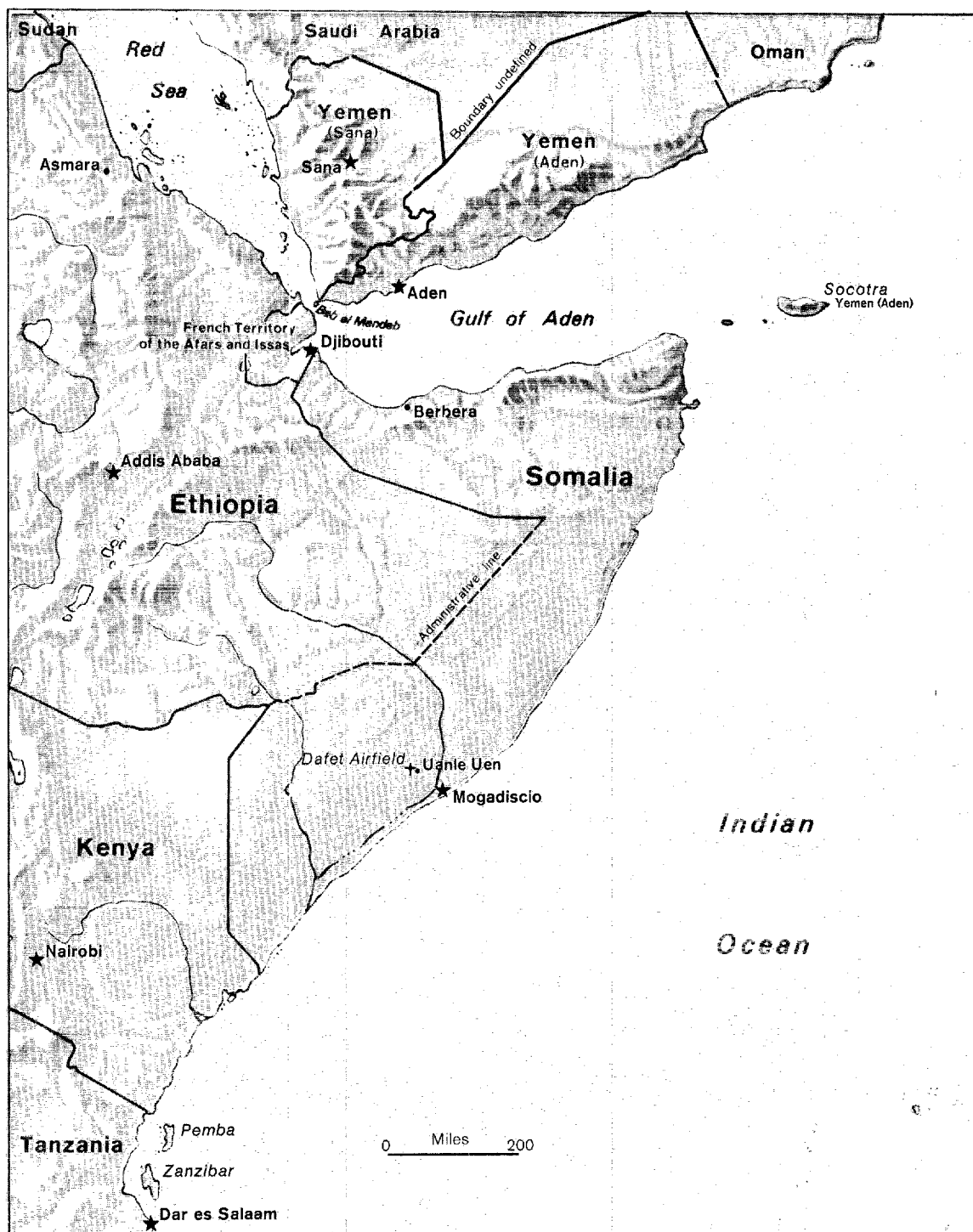
ISRAEL-ARABS

Israeli aircraft bombed fedayeen targets in southeastern Lebanon yesterday for the third consecutive day, apparently in the same general areas as other recent raids. The Israeli action probably is related to operations that the Israelis have mounted in retaliation for the abduction of several Israeli Arab villagers by fedayeen earlier in the week.

Syrian antiaircraft fire downed a UN transport yesterday, killing nine Canadians. Syrian aviation authorities say the plane was flying in an area where Syrian air defense units were engaging Israeli aircraft that were bombing targets in southern Lebanon. Although the Syrians have acknowledged responsibility for the incident, the Israelis deny any of their aircraft were in action at the time the UN plane crashed.

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FRANCE

Paris is reviewing its arms sales policy and may decide to lift its embargo on sales to Middle East belligerents.

The French government publicly pledged on August 7 to reconsider its policy after Egyptian President Sadat admitted that Libyan Mirages were based in Egypt during the October war. French sales contracts forbid transfer of military equipment to Egypt, Jordan, Syria, or Israel.

The wide publicity the French press is giving the affair has prompted President Giscard to reassess a policy that has become almost untenable. The problem has, in fact, been under study by specialists for some time, and French officials hinted in the last months of the Pompidou regime that the embargo would be lifted. It was established by De Gaulle after the 1967 war, and was meant to gain favor with the Arabs by restricting the flow of arms to Israel.

The Pompidou government ignored Israeli charges that the Libyan Mirages were in Egypt and overlooked the probability that aircraft ordered by the Saudis would also end up there. This position was strongly influenced by a desire to reassert French influence in the Middle East, secure oil supplies, and develop Arab markets.

France may follow the precedent set by Britain in January and resume arms sales to Middle East states on a case-by-case basis. Paris might accompany such a decision with a suggestion that sales to the area might be controlled by international agreement.

The new French government has already backed off from President Giscard's suggestion that arms sales might be restricted when the deal is "not in conformity with France's liberal mission" to support worldwide self-determination. That statement was taken as a reference to South Africa in particular.

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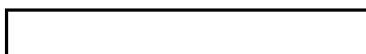
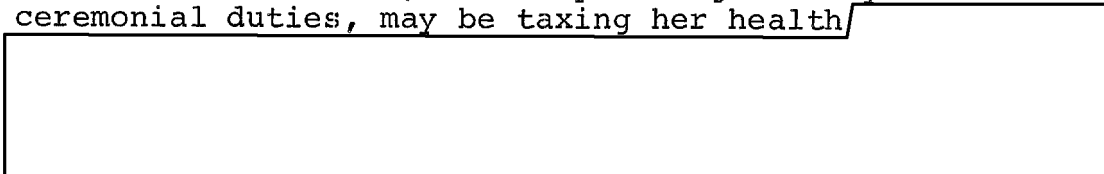
ARGENTINA



Military concern over the lack of presidential leadership undoubtedly has been heightened by a recent upsurge of strikes and by a clash between the minister of economy and the president of the central bank over the economic stabilization program. Mrs. Peron has not been able to calm either conflict. Instead, she has left the handling of union problems to the minister of labor, who is recuperating from a heart attack. She has postponed a decision on the stabilization dispute, asking both advisers to stay, though neither shows any sign of wishing to accommodate the other.



President Peron, who is pursuing a heavy round of ceremonial duties, may be taxing her health/



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